

PRODEC SEMINAR
ON
BUSINESS MANAGEMENT FOR WOMEN ENTREPRENEURS

Addis Ababa: 24 October, 1990

Enterprise coping with its Environment

by

Dr. Jonathan H. Chileshe*

*Author is Chief of the Trade Development Section in the Trade and Development Finance Division of the United Nations Economic Commission for Africa (ECA).

I. INTRODUCTION

1. The intention is not to re-invent the wheel on the basis of what I am likely to say. I do realize more than any one, that I run the risk of repeating a number of issues already covered by others. The best we can do is to attempt another approach by "not simply pouring old wine into new bottles." After all, the subject that we have to deal with, especially regarding coping with an environment for most enterprises, can not be assumed to be conclusively covered in any one specific period.
2. At this point in time it is perhaps better to start by re-examining one or two of these issues. The first assumption I wish to make is that (a) no one here expects me to define what we understand by the term enterprise? (b) A majority of you here come from the area itself, and are therefore in a better position to clarify any misinformation. (c) Coping with an environment has several meanings and could depend on the point of view to be championed. (d) What really necessitates this concern, particularly in the case -a commercial or business environment? There are a number of other questions that could also be raised are deliberately set aside due to time constraint. However, these will crop up in the course of the discussion.
3. There is a sea of literature on Africa. That which specifically relates to commercial activities is provided by governments and a variety of non-governmental bodies. The latter include chambers of commerce and industry, United Nations offices like ECA and institutions like PRODEC, to mention but a few of

these. To a large extent, it is a story of Africa's socio-economic trends spicing the regions or individual countries' processes of economic development. In many cases, progress is taken to imply a move in the right direction. Reluctance to refer to economic development and its ramifications when describing the African situation emanates from a desire not to add to the existing contradictions, particularly where the original objectives have failed to tally with practical reality.

4. What lessons Africa's policy makers have learnt from their past mistakes or those of others, is not easy to quantify. Otherwise the African situation and the treatment of private and some public enterprises, would in the light of the above have been somehow different. For example, what price have some of the African economies paid for their continued marginalization of entrepreneurial talents of women in business that have made it on their own. This is partly true where African governments decided to abrogate to themselves the sole right of being the only source of all economic activity. Activities which are then performed by some of their inefficient and less effective parastatals. The question then becomes one of how to fashion the future differently from what it has so been. These are some of the few questions we must address whenever the issue of enterprises coping with an economic environment are raised. It is not as if Africa's yesterday and its present has not realized the urgent need for far-reaching and imaginative economic, social, cultural and political policy changes? Rather, it is because many of those changes have been impaired by being predicated on

environments that are noted for their animosity to change than need be.

5. Perhaps it is not so much a question of what to learn both from the past and the present. It might only be a question of whether those lessons can be applied to achieve similar results, given some of the changes and challenges the new situations entail. Africa has little choice but to cope with many of these changes. Some fields are more easily adaptable than others. With greater resolve on both sides, this should be possible. Concern is with those elements that make it more difficult for the late starters like women entrepreneurs, to make the needed headway.

II. ASPECTS OF AN AFRICAN BUSINESS ENVIRONMENT

6. What is it that constitutes the African business environment? Second, do commercial or business environments define themselves in terms of a single country or region? Third, is there such a thing and what are its main parameters at country level and how do they come about? Fourth, how are the main beneficiaries determined and what contribution must each make? Fifth, who is to establish the share which principal beneficiaries must bear in order to ensure the sustainability of the desired environment itself? It is evident from available data that there are many direct and indirect influencing factors that need taking into account to be able to arrive at approximate answers on this subject.

7. Against the above background, we would not be very much off the mark were I to venture and suggest that "an African Business Environment" in which enterprises have to cope is a total sum (T), made up among others of: historical events; political evolution; interlinkages and relations both within and with outside interests; the time span relating to the activity; resource availability - both human and otherwise; and above all, enlightened rather than negative actions of government. We also have to include the issue of attitudes of society, especially where it encourages positive discrimination in religious, sex and caste circles.

8. What then of issues relating to the interaction between Supply and Demand as major determinants of the business environment? To a large extent, they are a better mirror of how "enterprises try to cope with the various situations". Supply and Demand exert great influence on other sectors of the economy and vice versa, both domestically and externally, especially through distribution.

9. Is it any wonder that there are differences of opinion about what the various shades consider as a conducive environment in which to promote entrepreneurship? On the one hand, African Governments believe that their actions as partly reflected in the various development plans are a clear indication of their resolve in this direction. In addition, the promulgation of laws and regulations is intended to create some order and transparency for those who deem it necessary to carry out these commercial

activities. Some Governments have gone to the extent of establishing institutional mechanisms in the hope of supporting certain business activities. The provision of certain other infrastructures by governments, also contributes to the creation of an enabling environment. The benchmark in as far as African governments are concerned seems to be to achieve high rates of economic growth and development.

10. Thus, a number of international institutions and other economic observers are able to use some of these yardsticks in making comparisons between and among African economies. Quite recently, the Thirty-seventh Session (First Part) of the Trade and Development Board of the United Nations Conference on Trade and Development (UNCTAD) meeting in Geneva from 2 to 17 October 1990, heard the chief representative of the United States of America cite Botswana to illustrate this point. In the eyes of his government and possibly the private American investors, Botswana's experience since independence, was no miracle but due to GOOD MANAGEMENT (whatever it is supposed to mean).

11. In other words, the progress which Botswana had achieved relative to other countries in the region was a clear reflection of a conducive economic climate relative to other African countries. In his words: In 1966, when Botswana gained its independence, it was bereft of industry. There was little commerce; it exported nothing; it depended on subsistence farming and livestock to scratch nourishment from an unyielding land; it had no highway or communication system; most of the population

was unschooled and illiterate....In short, it started off with the same disadvantages that saddled practically every newborn sub-Saharan nation. Twenty-four years later, Botswana's "per capita" income is two and one-half times higher than that of other sub-Saharan nationsIt built this remarkable record by promoting democracy, investment, fiscal sanity, development in small, measured steps, and by protecting property rights, human rights, and due process of law.

12. When this example is put along side those often cited by bodies like the World Bank and the International Monetary Fund to countries that seek their assistance, one begins to appreciate the significance of some of these economic indicators that make up an economic environment in which certain businesses can flourish. What may we ask is the definition of a business environment from the point of view of the private rather than the public enterprise?

13. Conscious of the presence of experiences and background of participants at this Seminar, and above all, that you have already had extensive discussions on a number of related issues, I can only hope that my version will be taken for what it is worth. On the basis of what I have gained from interacting with some of your counterparts and adversaries alike, I can guess some of your expectations. In your case, YOU NEED AS LITTLE RESISTANCE AS POSSIBLE TO YOUR OPERATIONS . Furthermore, that you always look forward to an economic climate in which your labours are rewarded remuneratively. In the language of most commercial

entrepreneurs, these efforts are measured by the PROFIT QUANTUM and in as short a period as is possible.

14. The next vexing question to a better appreciation of this issue relates to what is stated at the beginning. How have many of these enterprises coped in a number of African economic environments? Have the experiences been the same? In our particular case we need to narrow the subject. Perhaps the spotlight ought to be on how the African business women intend to cope with the environment that confronts them from now on. An environment that has no obstacles is of little relevance. Rather, it is that which enterprises consider to be hostile that attracts most attention. When I wrote one of my many books entitled "Third World Countries and Development Options:Zambia", I was fascinated to see how a handful of women had coped so admirably with an economic environment that every one knew to have been rather hostile. What was even most impressive was that these women had distinguished themselves during the pre-independence era. That was a period when colonial governments did not provide for women. At this point we turn to examining an enabling business environment of the future.

III. WHAT HAS THE FUTURE GOT IN STORE FOR PRIVATE ENTERPRISE

15. Talking about the future is never an easy task. And more so when one takes on events that have to do with certain governments that look for negative rather than positive criticism. Other dangers also exist. Not least of these, the possibility of being considered a dreamer or at worst an armchair economist. This is

assuming listeners like you, with considerable practical experience should think that this submission is too theoretical and not practical.

16. One area of convergence of opinion even by those others who may not at first time agree with my presentation is acknowledgement of the fact that modern African society is changing and changing for the better. In almost every African country one gains the impression that business opportunities for men and women are not intended to discriminate on the basis of sex. Where these opportunities have been swatted, the main root causes seem to lie in the way the laws are applied. Perhaps governments should not be blamed for most of what has gone wrong?. In a number of cases, it is the individuals in charge who are incapable of acting correctly and at the opportune moments. Indeed, there are several instances where "the right job is in the wrong hands and vice versa." One other cause is the inability of entrepreneurs themselves not taking the RISK this involves. And as in most human instances, it is much easier to blame the environment since it can hardly be expected to respond to such accusations.

17. The mere fact that a substantial number of African women are in business and that some have gone from strength to strength, is itself material evidence of how capable they are in coping with the current environment. There is also ample evidence to show that business enterprises run by women are no longer narrowly confined. No longer are many of these enterprises

limited to production and sell of primary agriculture crops at local markets. Many have branched out to include several sophisticated lines of businesses. For example, many are growing crocodiles to export exotic skins. This is why it is important that African researchers and all those that assist African governments in formulating commercial policies should use some of these experiences in making suggestions on creating an enabling environment.

18. By the same token, future policies aiming at facilitating enterprises of women in commerce should not be mainly characterized by a system that aims to perpetuate the creation of special differential treatment on the basis of sex. In other words, special treatment should at best be time specific. It should also not take away the vital role that facing the challenge of risk provides.

19. Every effort should be made, given the current disadvantages women enterprises face, to remove the notion that they are only best suited for small scale operations and nothing more. Perhaps that notion was appropriate in the initial stages. Examples in other developing regions show conclusively that given the right climate, and encouragement, women climb up the cranes as supervisors of skyscraper building projects. India is one country where this has already happened. It is for this reason among others, that we must suggest additional incentives.

20. We have come across several suggestions that call upon financial institutions to give serious consideration to the possible creation of Special Windows to service the financial needs of business women. This author would go so far as to ask that institutions that take such a risk should be compensated as an additional incentive and also to attract those others who may be reluctant to take such action. One of the incentives might include allowing for tax exemption, on profits earned from funds lent to women enterprises. Governments could be required to provided the needed guarantee to the financial institutions that carry out this activity. Qualifying activities could be selected based on a certain criteria that could also have a built-in incentive for the women themselves.

IV. CONCLUDING OBSERVATIONS

21. Business enterprises run by women like any other commercial enterprise can only do well in an enabling environment. In other words, the environment has to be such that it facilitates rather than hindering entrepreneurial zeal. The environment must be capable of building confidence and providing opportunities for those taking the risk to optimally exploit their business acumen. It is also to be expected that those who choose to locate in rural or remote areas should not be disadvantaged relative to those who operate in the urban areas. In other words, enterprises should feel inclined to take the risk that this entails. I strongly believe that in many African economies, the honeymoon for creating more and more parastatals

is fast coming to an end. I can envision a beginning of a period when governments will be inviting partnerships from nationals and women in business should not miss the opportunity.

22. No one can predict the future with any certainty, especially what specific business sectors will do in coping with an environment that is rather hostile. Much will depend on having not only a conducive environment but also where sex is not the hallmark of success. Nonetheless, it is important also to point out that no one sector can expect other sectors to carry its burden for more than is necessary. Cooperation between sectors of the community is an essential part of society. However, it requires every one to carry his/her fair share of the load. Each enterprise must be prepared to pay for its fare.

23. Those that desire to be hoisted on the ladder of business activities by others and not by themselves are likely to experience some difficulty in choosing the time and also the speed at which this could take place, unless at a price they can not afford. Is this what the African business women want, especially after coming this far already? It follows from this brief that enterprises capable of coping with a hostile environment, especially if it is not of their own making, have better future prospects.